THIRD READING

Bill No: AB 1813
Author: Ward (D), et al.
Amended: 8/27/26 in Senate
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 11-2, 6/16/26
AYES: Allen, Archuleta, Arreguín, Becker, Caballero, Gonzalez, Hurtado, McNerney, Reyes, Stern, Wahab
NOES: Niello, Strickland
NO VOTE RECORDED: Ochoa Bogh, Grove, Richardson, Rubio

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/13/26
AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 51-8, 5/22/26 - See last page for vote

SUBJECT: Electricity: customer renewable energy subscription program

SOURCE: Californians for Local Affordable Solar and Storage

DIGEST: This bill requires the California Public Utilities Commission (CPUC) to adopt or modify a customer renewable energy subscription program (commonly referred to as community solar program) with specified requirements by which a program participant is credited for electricity generated from a renewable generation facility and limits the program to seven years or four gigawatts (GW), whichever comes first.

Senate Floor Amendments of 08/27/26 change the timing by when the CPUC must adopt or modify a customer renewable energy subscription program to within 180 days, instead of 90 days, after the California Energy Commission (CEC) conducts its evaluation and identifies attributes needed to be load-modifying resource; recast requirements on the CPUC to establish a mechanism to determine whether the resource is load-modifying; requires the CEC to include an evaluation of whether the location of the subscribers in relation to the generating facility affects the ability to be a load-modifying resource; requires owners of the renewable energy generators, instead of the CPUC, to provide quarterly reports on usage and output, as specified; includes additional clarifying amendments.

ANALYSIS:

Existing law:

1) Establishes and vests the CPUC with regulatory authority over public utilities, including electrical corporations. (Article XII of the California Constitution)

2) Requires the CPUC, on or before March 31, 2024, to evaluate each customer renewable energy subscription program to determine if the program meets specified goals and to determine whether it would be beneficial to ratepayers to establish a new tariff or program for an electrical corporation, or modify an existing tariff or program administered by an electrical corporation, to establish a community renewable energy program, as provided. requires the CPUC, on or before July 1, 2024, if it determines it would be beneficial to ratepayers to establish the community renewable energy program, to establish the program and require each electrical corporation to participate in the program. (Public Utilities Code §769.3)

3) Requires the CPUC, within 24 months of establishing a community renewable energy program and annually thereafter for the duration of the program, to submit to the Legislature a report on the facilities deployed and customers subscribed, as provided. (Public Utilities Code §913.15)

4) Requires every electric utility, defined to include electrical corporations, also known as electric investor-owned utilities (IOUs), local publicly owned electric utilities (POUs), and electrical cooperatives, to develop a standard contract or tariff for net energy metering (NEM), for generation by a renewable electrical generation facility, and to make this contract or tariff available to eligible customer-generators, upon request on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer generators exceeds five percent of the electric utility's aggregate customer peak demand. (Public Utilities Code §2827)

5) Requires the CPUC for a large electric IOU to have developed a second standard contract or tariff to provide NEM to additional eligible customer-generators in the IOU's service territory and imposes no limitation on the

number of new eligible customer-generators entitled to receive service pursuant to this second standard contract or tariff. (Public Utilities Code §2827.1)

6) Establishes the Green Tariff Shared Renewables Program (GTSR) with 600 megawatts (MW) of renewable resources available to customers of the IOUs on a proportional basis to which a participating customer can subscribe. Prohibits the shifting of costs for the GTSR program to nonparticipating customers. Requires the CPUC to ensure that charges and credits for the GTSR are set in a manner that ensures nonparticipant ratepayer indifference for the remaining bundled service, direct access, and community choice aggregation (CCAs) customers, and ensures that no costs are shifted from participating customers to nonparticipating ratepayers. (Public Utilities Code §2831, *et seq*.)

This bill:

1) Revises the requirements of the customer renewable energy subscription program (commonly referred to as community solar program), among other things, to:

   a) Promote participation by low-income customers at levels commensurate with the opportunity provided to certain customer-generators as part of NEM.
   b) Provide bill credits to subscribers based on the avoided costs of a community renewable energy generators participating in the program if the community renewable energy generator is determined to be a load-modifying resource.
   c) Require all community renewable energy generators participating in the program to have no more than five MW of generation capacity and no more than five MW of energy storage.
   d) Limit the total program capacity to four GW or end the enrollment of new community renewable energy generators in the program after seven years, whichever occurs first.

2) Requires the CEC, in a public process that includes opportunity for public comment, to evaluate the load-modifying potential of community renewable energy generators and if the evaluation finds that community renewable energy generators have load-modifying potential to, on or before December 1, 2027, in a public process, identify attributes that the CEC would expect a community renewable energy generator to meet in order to be classified as a load-modifying resource. Requires the CEC as part of that evaluation to evaluate

whether the location of the subscribers in relation to the location of the community renewable energy generator, has a material bearing on the facility's ability to meet the attributes identified by the CEC.

3) Requires the CPUC, within 180 days following identification of attributes by the CEC, to adopt or modify a customer renewable energy subscription program consistent with the revisions to the program proposed by this bill. Requires the CPUC to establish in the program a mechanism, to determine whether community renewable energy generators are load-modifying resources.

4) Requires the owners of the operational generators to quarterly report to the CPUC and CEC on the usage of the systems, including their hourly generation, charging and discharging information, and other information.

5) Requires the CPUC, within 24 months of the adoption or modification of a customer renewable energy subscription program, instead of by March 2024, and annually thereafter for the duration of the program, to submit to the Legislature a report on the community renewable energy generators participating in the program and customers subscribed. Repeals this requirement on January 1, 2034.

Background

What is Community Solar? The U.S. Department of Energy defines community solar as any solar project or purchasing program, within a geographic area, in which the benefits of a solar project flow to multiple customers such as includes from various customer classes: residential, commercial, etc. Community solar can be designed in several ways, but the ultimate goal is to provide residents with more options to participate in solar projects. In most cases, customers are benefitting from energy generated by solar panels at an off-site array; however, there are also on-site multifamily community solar options where occupants of apartment and condominium buildings each benefit from the energy produced from the rooftop solar project. Additionally, who pays to plan, construct, and operate the solar project varies across the different community solar models – such as when a utility may own or operate a project that is open to voluntary ratepayer participation, or when customers themselves may collectively sign a contract with a third-party developer and be treated as departing load from their utility.

Community solar customers typically receive a bill credit for electricity generated by their share of the community solar system – similar to someone who has rooftop panels installed on their home and receives the NEM tariff. However, the value of that customer bill credit can also vary widely between community solar programs, with some more generous than others. Community solar can be a great option for people who do not own their homes, have financial constraints, or have insufficient roof conditions such as shading, roof size, or other factors and who desire to participate in a solar project.

Existing Community Solar Programs. There are community solar programs currently in place for eligible customers of California's large electric IOUs:

- Disadvantaged Communities-Green Tariff (DAC-GT) program.
- Community Solar Green Tariff (CSGT) program.
- GTSR program, which is comprised of two subprograms:
  - the Green Tariff (GT) option.
  - the Enhanced Community Renewables (ECR) option.

AB 327 (Perea, Chapter 611, Statutes of 2013) directed the CPUC to develop specific alternatives designed to increase adoption of renewable generation in disadvantaged communities. In 2018, the CPUC created several programs (Decision 18-06-027) aimed at increasing access to solar energy for residents of disadvantaged communities (DAC) located in one of the three large electric IOU distribution service territories. These include: DAC-GT program and DAC-CSGT program.

In order to offset the high costs of these projects, electric IOU greenhouse gas (GHG) auction proceeds and public purpose funds from non-participating ratepayers are utilized. Prior to the establishment of the DAC programs, SB 43 (Wolk, Chapter 413, Statutes of 2013) directed the CPUC to establish the GTSR program. GTSR has the overall objective of expanding customer access to renewable energy and to build up to 600 MW in additional renewable facilities. GTSR includes both a GT option and an ECR option. Pursuant to statute, the costs of GTSR may not be borne by nonparticipants. The two GTSR programs are similar in structure to the two DAC community solar programs mentioned above:

- GT program: renewable facility is utility-scale and utility procured; open to all customers of states' three largest IOUs; customer pays the difference between their current charge for generation on their IOU bill and the cost of procuring either 50 or 100% renewables.

- ECR program: renewable facility is a local solar project; project size limited to 20 MW; facility developers must fulfill a "community interest requirement," where interested customers commit to enroll in 30% of the project's capacity or expressed interest to reach a 50% subscription rate ahead of time, and must have a minimum of three separate subscribers; customers agree to purchase a share of a local solar project directly from a solar developer, and in exchange, the customer will receive a credit from their utility for the customer's avoided generation and for their share of the benefit of the solar development to the utility; customers, in buying the solar generation directly from a third party, are treated as departing load. When an ECR customer moves within the IOU's territory they can retain their ECR subscription at their new service address.

Solar on Multifamily Affordable Housing (SOMAH). Established by AB 693 (Eggman, Chapter 582, Statutes of 2015), the SOMAH program provided incentives for solar energy photovoltaic (PV) systems for multifamily affordable housing. SOMAH provides for up to $100 million annually from the electric IOUs GHG auction proceeds, up to $1 billion dollars over 10 years, to install 300 MW of capacity. The SOMAH program began accepting applications on July 1, 2019, receiving more than 200 applications on the first day it opened, and waitlists were started in the large electric IOUs' territories. The program website notes over 100 MW installed serving affordable housing units.

Solar ready buildings in the Title 24 Regulations. In May of 2018, as part of its regulation of building energy efficiency, the CEC adopted a requirement for the installation of solar system capacity on all new low-rise residential buildings. More specifically, the CEC regulations require: (a) installation of a certain sized solar system on a newly constructed, low-rise residential building; (b) successful exemption from the installation requirement in the event of excessive shade, roof design or other defined factors; or (c) development of a community solar project that offsets the load of the newly constructed, low-rise residential building. Builders are struggling to comply with the CEC's requirement. In particular, builders are looking to develop community solar projects as a means of compliance, which builders note are much cheaper to develop than rooftop solar.

Title 24 community solar compliance option. For a community solar project to comply with Title 24 it must (a) reduce the building's energy bill by an amount greater than the added cost to the building resulting in the building's share in the community solar project; (b) provide energy savings benefits dedicated to the building for no less than 20 years, and (c) be exclusively dedicated to the building.

The CEC's community solar compliance option is conceptually analogous to the ECR component of GTSR. Current statute requires electric IOUs to support ECR projects that allow customers to contract directly with a third-party participating renewable developer to subscribe to a specific local renewable facility. The ECR component of the GTSR has been unsuccessful, to date at least, with only 10 MW (of a possible 600 MW) developed. To date, two utilities have community solar programs that satisfy the CEC's alternative compliance option, the Sacramento Municipal Utility District (SMUD) and recently approved Plumas-Sierra electrical cooperative. SMUD's program is currently fully subscribed.

The Avoided Cost Calculator (ACC). The ACC is a complex determination of the benefits resources provide to the grid and all ratepayers. It calculates a monetary amount in $/kWh to value a resource. The ACC calculates the avoided costs of electricity resources based on generation energy, generation capacity, ancillary services, transmission and distribution capacity, GHG, and high global warming potential gases. For example, using Pacific Gas & Electric's (PG&E's) E-TOU-C residential rate for simplicity, the summer off-peak retail rate is 42¢/kWh, which corresponds to the hours that solar-only systems would export to the grid. The generation-only portion of that is 0.14¢/kWh. However, the avoided cost value for mid-day hours is closer to 0.01¢/kWh. NEM relies on the generous retail rate to compensate owner-generators, while other CPUC programs provide a generation-only rate. This bill's program compensates based on the avoided cost. The ACC is updated annually to improve the accuracy of how benefits are calculated, taking inputs from various CPUC proceedings and California Independent System Operator (CAISO) wholesale market data. However, this annual updating may create volatility for programs relying on the ACC to determine credits or incentives values. For instance, the value of solar avoided costs has declined over the last decade. Cost shifts occur when the program's costs outweigh its benefits, and nonparticipants of the program are left covering the difference. This is the controversy associated with NEM – where customers with NEM are paid from collections of customers without NEM.

Comments

Need for this bill. The author states:

> California must build seven times the amount of solar, wind, and batteries every year for the next 25 years if we are to meet SB 100 goals. Unfortunately, nearly half of all California households are renters, and 70% of low-income households are renters, which in nearly any situation prevents onsite solar

opportunities. AB 1813 provides a targeted way to build a robust community renewables program to lower electric bills for low-income households and renters, provide benefits to all ratepayers, and ease cost burdens for meeting the significant demand for new homes. Community Solar and Storage programs are an incredible tool the state can use to bridge this gap and ensure all Californian's can access the benefits of renewable energy.

AB 2316 (Ward, Chapter 350, Statutes of 2022). The Coalition for Community Solar Access (CCSA) filed a proposal similar to what is included in this bill in the CPUC's NEM proceeding. The CPUC's December 2020 proposed decision declined to adopt CCSA's proposal, stating it was premature and reiterating the CPUC's intent to review the broader aspects of community solar across the various programs. In 2022, AB 2316 was introduced and chaptered just as the CPUC was in the midst of evaluating the electric IOUs' community solar programs and with the desire to develop a new community solar program aligned with CCSA's proposal. The supporters of AB 2316 intended that the legislation would require the CPUC to adjust its proposal to reflect the desired elements CCSA sought, including a reliance on the ACC to determine the value of the energy from the community solar subscription program. Instead, the CPUC proposed a different community solar option that would not use the ACC and instead treat the new community solar energy akin to wholesale energy resources.

CPUC adopts decision on June 11th. To date, the CPUC has remained adamant about the need to treat these resources as wholesale energy resources and not rely on the ACC. On June 11th, the CPUC adopted a decision consistent with the treatment of the new community solar offering as a wholesale resource, the Community Renewable Energy tariff (CRET), which would rely on the Renewable Market Adjusting Tariff (ReMAT) as a cost and generation resource foundation with the ability to contract for 10, 15, or 20 years. The decision also caps each project at no more than three MW and the overall generation capacity at 750 MW proportioned across the three large electric IOUs, PG&E with 218.8 MW, Southern California Edison with 226 MW, and San Diego Gas & Electric (SDG&E) with 48.8 MW [minus the capacity already on contract]. In the decision the CPUC argued any costs recovered beyond those proposed would result in nonparticipant funded compensation that exceeds the avoided costs. They also noted that such a tariff could divert generation developers away from competitive solicitations in the wholesale market.

AB 1813 seeks to overturn CPUC decision and create a different community solar program. This bill seeks to create the community solar option sought by the proponents who have thus far been unsuccessful at securing their desired program at the CPUC. This proposal would also require energy storage (at five MW) with solar (at five MW) and a program cap of four GW. This bill would require the CEC to determine whether community solar subscription program could be a load-modifying resource, including identifying the specific attributes. Electric IOUs oppose this provision, arguing such treatment is reserved for behind-the-meter demand response or energy efficiency resources. They take issue with suggesting that front-of-the-meter community solar installations could serve the same purpose. Proponents of this bill suggest the CEC could determine whether the resources are not load-modifying and therefore the compensation would be affected. However, they prefer to have the CEC conduct this analysis instead of relying solely on the CPUC and require the CPUC within 180 days of the CEC's evaluation and attribute identification to establish a mechanism to determine whether community solar resources are load-modifying. This bill also provides that the community solar project can be sited in any area within the Local Reliability Areas determined by the CAISO. These areas can encompass multiple counties and hundreds of miles. To the extent community solar is intended to serve a local community, such large geographic areas raise concerns about whether the avoided costs on the transmission and distribution system are in fact being avoided to serve load. The proponents contend the electrons are still serving the need to the electrical grid and should therefore not be modified. Recent amendments require the CEC to evaluate the geographic relationship between subscribers and the generation facility to identify the load-modification opportunities. Proponents of the bill largely seek opportunities to provide greater financial certainty that community solar projects will be built, particularly to satisfy the Title 24 building standards option.

Prior/Related Legislation
(See Policy Committee Analysis.)

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- The CEC estimates ongoing costs of about $2.7 million in the first year and $1.7 million annually thereafter (Energy Resource Program Account [ERPA]) to engage with stakeholders and develop a "load modifying" criteria for CREGs, collect and analyze data to understand the nature and capabilities of CREGs and their relation to the load subscribed to the projects, and provide policy support to understand load-serving entity procurement obligations and maintain alignment with related state electric system planning processes, among other things. The CEC warns that ERPA faces an ongoing structural deficit and may not be able to sustainably support new activities.

- Ongoing costs of an unknown but significant amount, likely over $3 million annually (ratepayer funds), for the CPUC to implement the provisions of this bill.

SUPPORT: (Verified 8/27/26)

Californians for Local Affordable Solar and Storage (Source)
Advanced Energy United
Brightline Action
California Building Industry Association
California Environmental Justice Alliance Action
Center for Biological Diversity
Center for Sustainable Energy
Clean Coalition
Climate Health Now Action Fund
Coalition for Community Solar Access
Contra Costa County
Dayenu: a Jewish Call to Climate Action
Deploy Action
Dimension Energy
Environment California
GRID Alternatives
Los Angeles Cleantech Incubator
Nexamp
Natural Resources Defense Council
Peninsula Clean Energy
San Diego Community Power
Solar Energy Industries Association
The Climate Center
The Nature Conservancy
The Utility Reform Network
USA Properties Fund
U.S. Green Building Council California
Valley Vision
Vote Solar

OPPOSITION: (Verified 8/27/26)

Pacific Gas and Electric Company
Public Advocates Office
San Diego Gas and Electric Company
Southern California Edison

ARGUMENTS IN SUPPORT: According to Californians for Local Affordable Solar & Storage, the sponsor of this bill:

> AB 1813 would seek to rectify the failures of existing programs designed by the CPUC by setting more objective standards for the CPUC to evaluate participation levels. These clarifying amendments will ensure that community renewable energy projects are treated the same as other distributed resources. As the CPUC Public Advocates Office has stated, the CPUC should use the avoided cost calculator as "the Commission's single resource for avoided cost calculation across DER programs," which is consistent with CPUC policy that "there should be a single avoided cost model applied to all DER proceedings." (February 21, 2024 Opening Brief of the Public Advocates office in CPUC Docket 22-11-013, p. 39)

ARGUMENTS IN OPPOSITION: The Public Advocates Office states:

> AB 1813 would intervene in the ongoing [CPUC] proceeding by legislatively prescribing outcomes that the CPUC has not yet determined are cost-effective or affordable. This creates substantial risk that Californians who do not participate in these programs – including many working families and individuals who are already burdened by high utility bills – will subsidize projects whose full system benefits remain disputed. While it is difficult to predict precisely how large the impact of this bill would be, our conservative estimates show AB 1813 could add an extra $12 per month on non-participating customers' bills.

ASSEMBLY FLOOR: 51-8, 5/22/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Caloza, Carrillo, Connolly, Elhawary, Flora, Fong, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Ortega, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ransom, Michelle Rodriguez, Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Stefani, Ward, Wilson, Zbur, Rivas

NOES: DeMaio, Jeff Gonzalez, Hadwick, Johnson, Macedo, Sanchez, Tangipa, Valencia
NO VOTE RECORDED: Arambula, Calderon, Castillo, Chen, Davies, Dixon, Ellis, Gabriel, Gallagher, Hoover, Lackey, Nguyen, Pacheco, Patterson, Ramos, Celeste Rodriguez, Blanca Rubio, Soria, Ta, Wallis, Wicks

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